

Housing and Community Development Budget Initiatives

Presentation to Senate Finance Subcommittee on
Economic Development and Natural Resources
January 21, 2014

Virginia Department of Housing and Community Development

Overview

2

- ▣ Increased Support for Housing Trust Fund - \$4.0 in GF each year of Biennium
- ▣ Rapid Rehousing - \$500K in GF each year of Biennium
- ▣ Homeless Data Collection and Coordination - \$585K in FY15 and \$92K in FY16, all GF
- ▣ Performance-Based Contract Administration (PBCA)
 - Administer \$173 million in federal rental assistance payments annually
- ▣ Other initiatives

Housing Trust Fund Update

3

- ▣ Background
- ▣ Allocation of FY14 Trust Fund
- ▣ FY14 Summary
- ▣ Looking Ahead

VHTF Background

4

- Language in Item 108 G 1-5 of the 2012-14 biennial budget and now in *Code of Virginia*
- \$8 million in GF appropriation for FY14
- At least 80% to flexible loans for affordable rental housing and homeownership
- Up to 20% for grants to reduce homelessness
- Loan repayments return to the Trust Fund
- HTF Plan presented to the General Assembly November 1, 2012

Allocation of Initial \$8 Million

5

- Grants

- ▣ Foreclosure Counseling \$500,000

- ▣ Homeless Reduction Grants \$930,000

- Loans

- ▣ Foreclosure Rehabilitation Loans \$1,000,000

- ▣ Affordable Housing Loan Pool \$5,400,000

- Administration \$170,000

- Total \$8,000,000**

VHTF FY14 Roll Out

6

- HTF Plan developed with broad based participation
- Priority placed on matching grants and loans to housing policy goals
 - ▣ Homelessness reduction
 - ▣ Special needs housing
 - ▣ Addressing the effects of foreclosure
 - ▣ Preservation of affordable housing
- DHCD and VHDA working collaboratively on program implementation
- Demand for grants and loans, as expected, far exceeded available resources
- All funds have been allocated and projects are proceeding

Housing Trust Fund - Looking Ahead

7

- ❑ Introduced budget includes additional \$4.0 million each year of biennium
- ❑ DHCD would seek additional input from partners and potential applicants on priorities for use of the fund
- ❑ Continue focus on linking activities to broader state policy objectives including special needs housing, reduction in homelessness and addressing other community affordable housing priorities

Homeless Reduction Strategies

Rapid Rehousing and Homeless System Transformation

9

- Homeless reduction efforts are a significant part of the overall state housing policy
- Governor McDonnell established a goal of reducing homelessness by 15% during his administration
- Homeless Outcomes Advisory Committee established key strategies to improve outcomes for homeless citizens
 - ▣ Increased number of permanent supportive housing units
 - ▣ Increased flexible funding and support for rapid rehousing
 - ▣ Improved statewide data collection and system coordination
 - ▣ Increase access to substance abuse and mental health treatment
 - ▣ Improve discharge policies and procedures for foster care

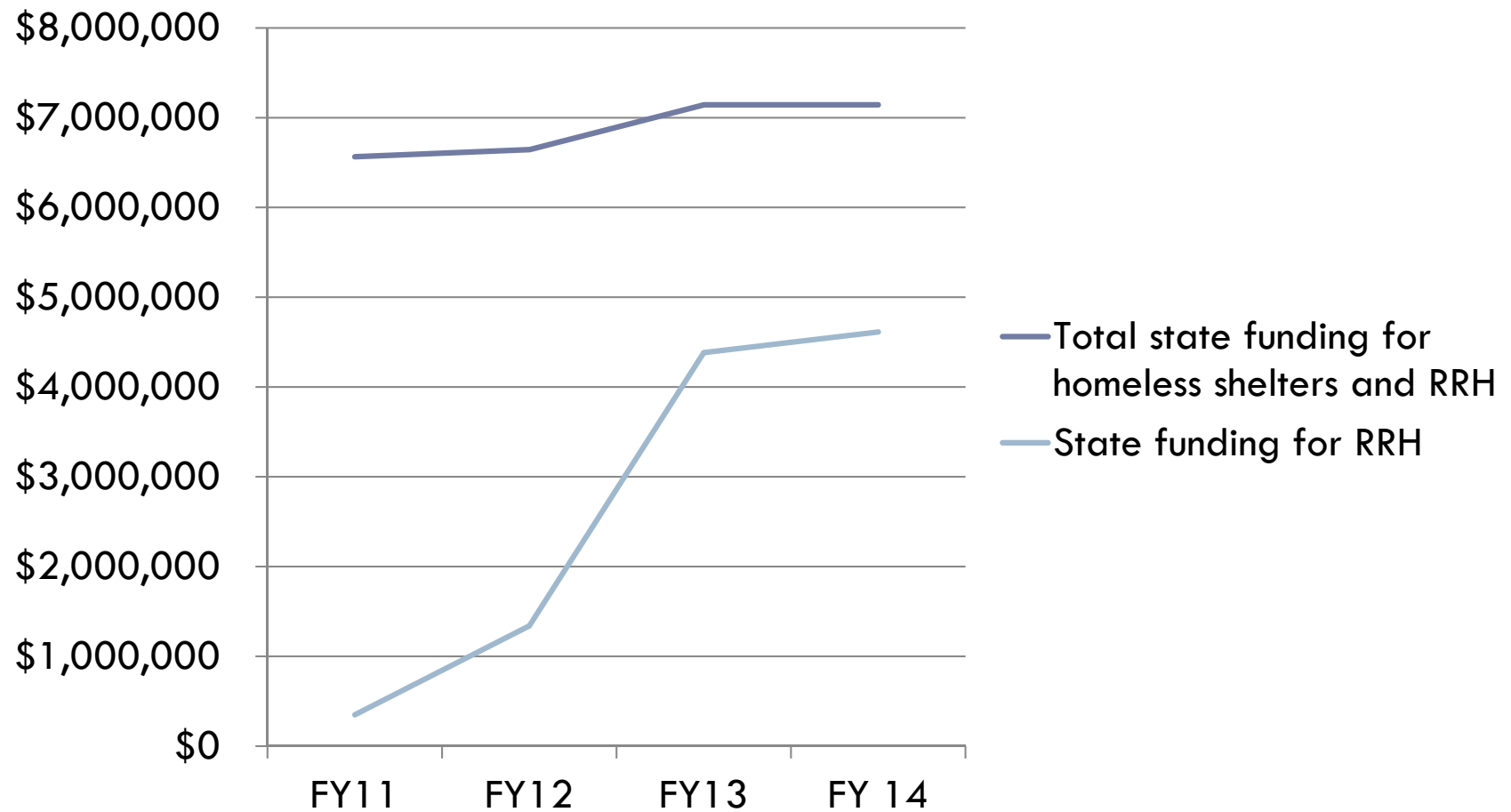
Homeless Coordinating Council

10

- State Homeless Coordinating Council has focused on each of the Outcomes Plan strategies
- Improved coordination across state agencies, regions and local service providers is having an impact
- A significant part of this effort has been on moving to national best practices such as rapid rehousing
- State effort has included both redirection of existing resources and new funding

DHCD Focus on Rapid Rehousing

11



Homeless System Transformation

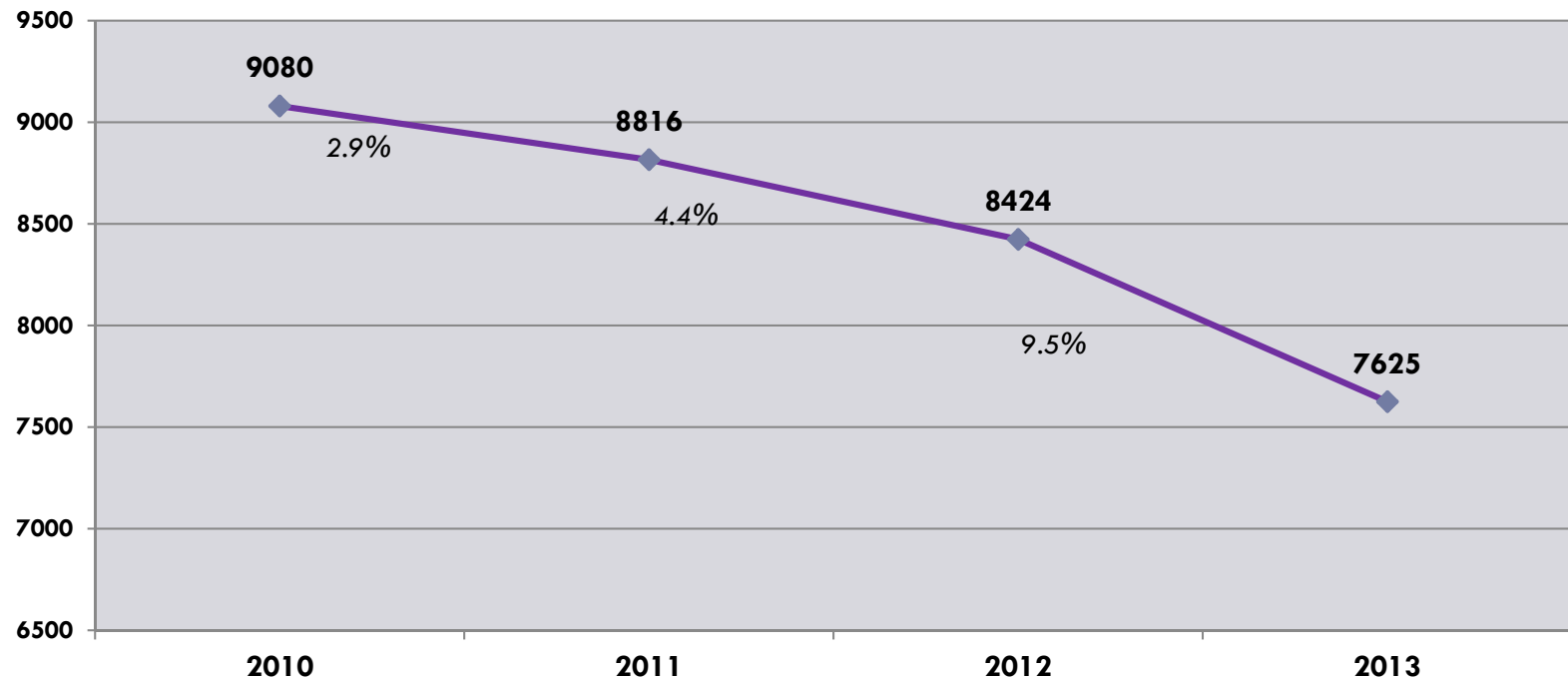
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- ❑ Increased emphasis on rapid rehousing has shown dramatic results
- ❑ National studies show costs per exit for rapid rehousing are significantly lower than for emergency shelters and transitional housing
- ❑ Shelter stays are declining allowing for migration of significant resources to providing permanent housing
- ❑ National Alliance to End Homelessness and the Virginia Coalition to Homelessness have been key partners in helping local and regional agencies transition to rapid rehousing

16% Reduction in Homelessness

13

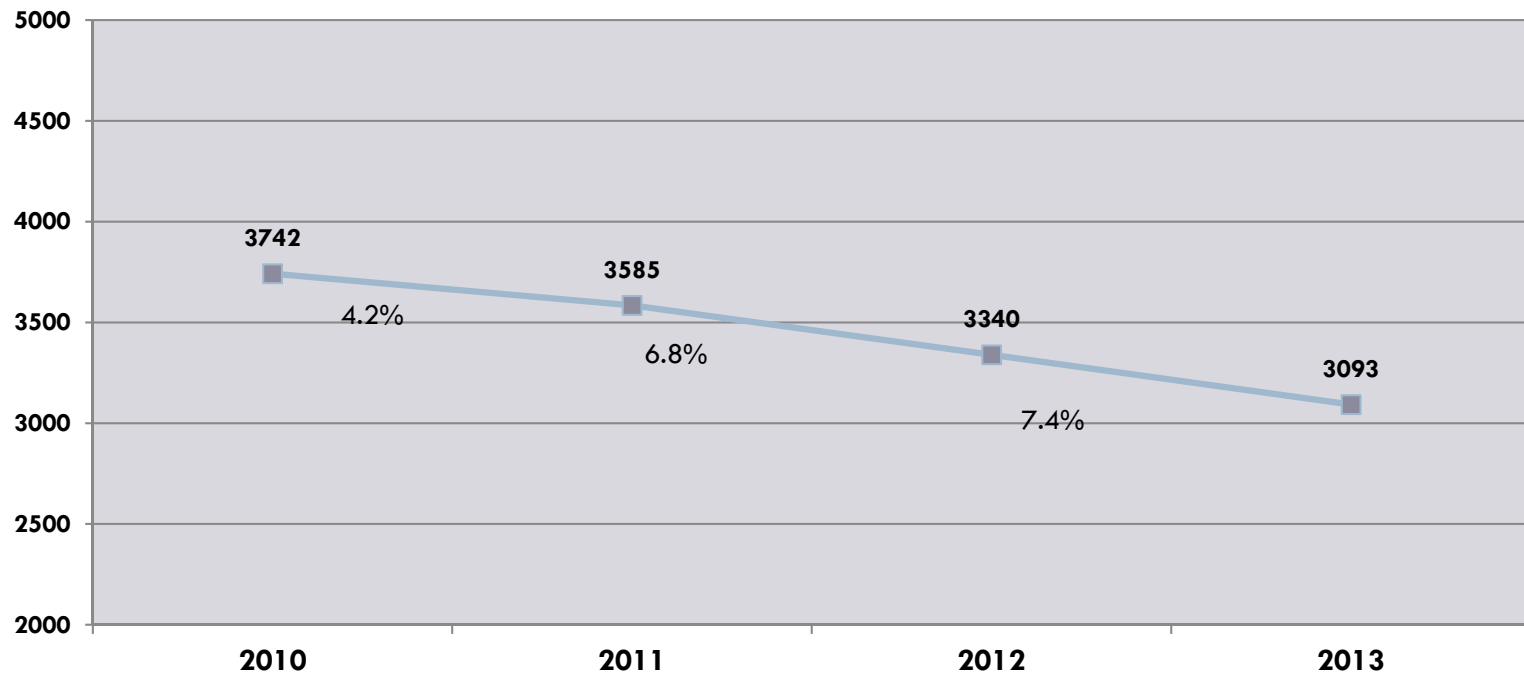
16% Decrease in Total Homeless Individuals



17% Reduction in Family Homelessness

14

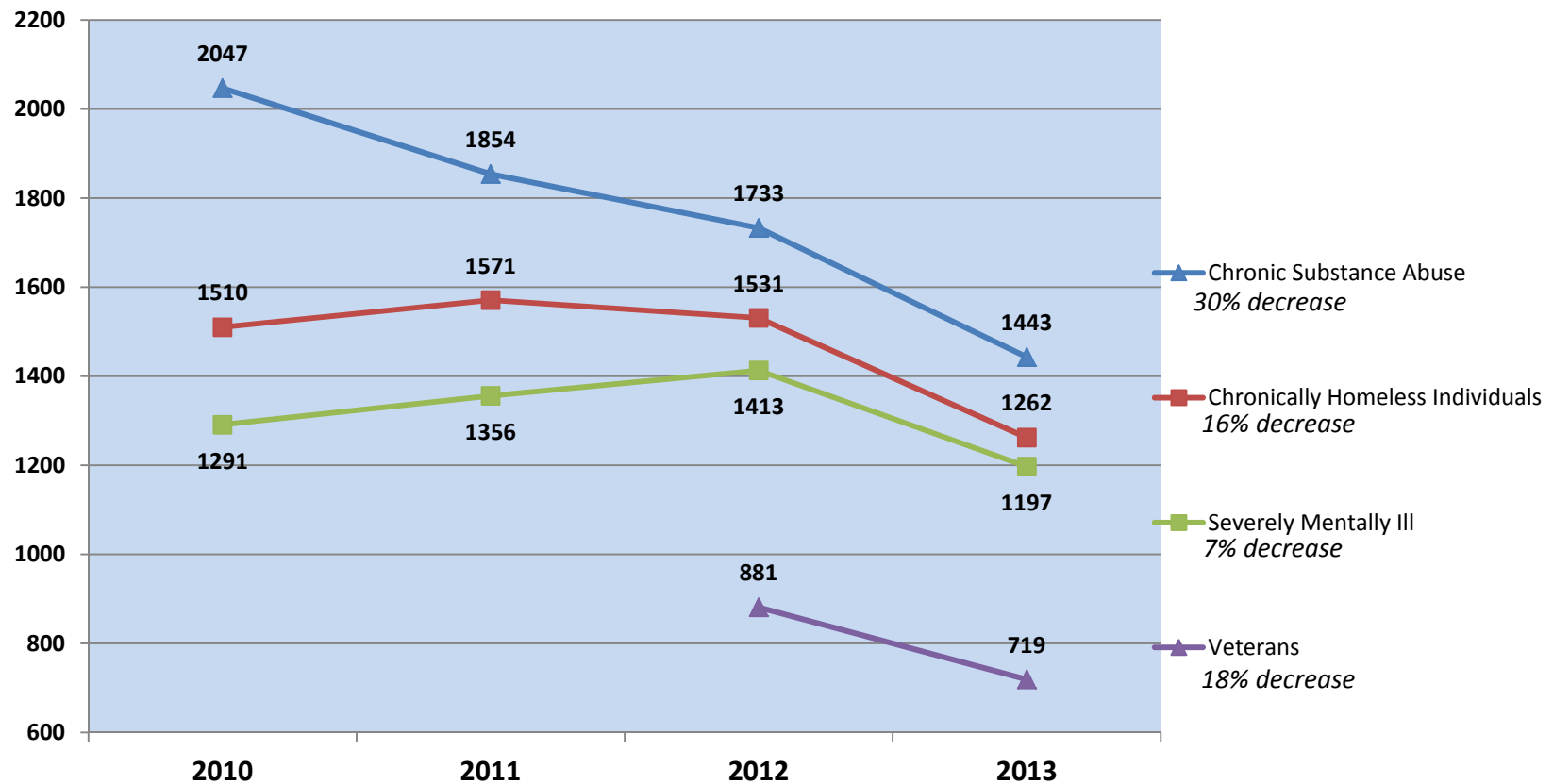
17% Decrease in Persons in Households with Adults and Children



Positive Results for Other Populations

15

Homelessness by Subpopulation



Homeless Related Budget Initiatives

16

- ❑ New budget initiatives focus on expanding rapid rehousing and improving homeless data collection
- ❑ Additional funding will help address increased demand for rapid rehousing
- ❑ Data collection proposal responds to the need for better data to further target homeless assistance at the state and local level
- ❑ Moving to common data elements in homeless information systems will help identify needs and outcomes by subpopulations

Performance-Based Contract Administration

Performance-Based Contract Administration (PBCA)

18

- DHCD, in consultation with VHDA, prepared an issue brief for the Governor seeking permission to apply to the U.S. Dept. of Housing and Urban Development to administer PBCA in Virginia
- In June 2012 DHCD submitted competitive application to HUD to administer PBCA for Virginia
- Application submitted in collaboration with VHDA and in partnership with Quadel Corporation, a third party vendor procured through a competitive RFP

PBCA Current Status

19

- DHCD selected to administer project based Section 8 rental assistance to 246 projects comprised of 22,975 affordable housing units across Virginia
- Estimated annual pass-through grant of \$172 million
- Nationally HUD's application process has been challenged and is currently under court review
- Anticipate resolution soon
- Contract should begin in the first half of 2014 and run for two years with option for two one-year extensions

PBCA Administration Status

20

- Contract will cover all of DHCD and Quadel administrative costs with additional fee available to cover unanticipated costs
- Surplus fee can be directed to related housing needs
- DHCD and Quadel working in a public-private partnership to provide Virginia-based service and experienced administration

PBCA Administration Benefits

21

- Services provided by responsive Virginia state agency rather than an out-of-state entity
- Fee remains in Virginia rather than benefitting out-of-state entity
- Opportunity to coordinate this housing resource with other on-going housing efforts and initiatives

Other Initiatives

Southwest Virginia Cultural Heritage Foundation

23

- Additional \$300K in FY2015 to support activities of Southwest Virginia Cultural Heritage Foundation
 - ▣ Foundation is a state entity focusing on economic development within 19 counties and four cities of Southwest Virginia
 - ▣ Initial efforts have focused on showcasing and marketing cultural and natural heritage assets of region
 - ▣ Early data shows increased tourism activity for communities throughout region
 - ▣ System in place to track business formation and expansion related to increased visitation and demand
 - ▣ Additional funding will allow launch of new branding and marketing efforts

Entrepreneurial Accelerator

24

- ❑ \$250K in FY2015 for demonstration effort to encourage local and regional efforts to promote business start up within emerging industry clusters (e.g. technology, wood products, agribusiness, etc.)
- ❑ Should link to regional economic development strategy
- ❑ Builds on existing DHCD effort to promote small business development including microenterprise support, downtown revitalization and economic restructuring of distressed regions
- ❑ Support would allow DHCD to partner with two regions to demonstrate efficacy of cluster approach

Questions?